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FOR RELEASE
MAY 26, A. M.

The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

WASHINGTON, D. C.



MAY 1953

Prices the farmer pays for goods used for family living have eased off since mid-1952, but not enough to noticeably affect his cost of living.

Along with prices of most goods, farm family living items climbed rapidly during the general inflation touched off by war in Korea. BAE's index rose 12% from June, 1950 to mid-1952; has dropped only 2% since. The food and tobacco price index dropped the most - 5%. Clothing showed the next largest decline.

The following table shows how the prices of the major groups of farm family living items in March compared with June, 1950, just before the Korean outbreak and the post-Korean peaks.

March 1953 compared with—

| | June, 1950 % | Post-Korean high % |
|---------------------------|-----------------|-----------------------|
| All items | + 11 | - 2 |
| Food and tobacco | + 11 | - 5 |
| Clothing | + 10 | - 3 |
| Household operations | + 8 | 0 |
| Household furnishings | + 12 | - 2 |
| Building materials, house | + 11 | - 2 |
| Autos & auto supplies | + 13 | 0 |

The cost of living story for city people is much the same as for farmers. The BLS consumers price index rose 12 percent from June, 1950 to the high in the last half of 1952. The drop since then is only 1 percent. Food and apparel have declined most from the peaks—about 4 percent in each case.

However, there is this difference in the situations of farm and city consumers. Net income of farm operators—what they have left after costs of production are paid—was about 14.3 billion dollars in both 1951 and 1952. With the cost-price squeeze tighter, net income for 1953 is likely to be about a billion dollars less than last year. Consumer income for the U. S. as a whole, however, has continued to rise and is now at record levels.

Most of the drop in prices farm and city consumers are paying for food has resulted from the decline in farm product prices the last several months. The farm value of a "family market basket" of foods produced on U. S. farms is off 12 percent since mid-1952. Charges for marketing these foods—wholesaling, re-tailing, transportation, processing, etc.—are down only 3 percent.

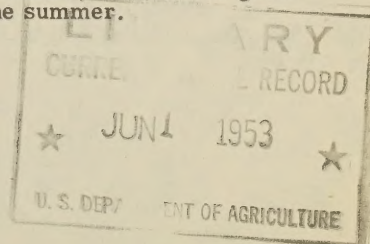
ECONOMIC ACTIVITY Heavy factory production, high employment and rising income continue to characterize the general economic situation. Consumers are spending at record rates, outlays by business for new plant and equipment and defense spending continue large.

Farmers have marketed larger volume of products so far this year than in the same period of 1952. But with prices lower cash receipts in January-April were down 2 percent from the same period last year.

Lower prices for farm products and greater uncertainty about future income probably were the main factors in the 2 percent decline in farm real estate values from November, 1952 to March, 1953. Most parts of the country showed some reduction but the sharpest drops were in the western States. This was the first drop in the national index since July-November, 1949.

LIVESTOCK AND MEAT Cattle prices have been fairly steady in recent weeks, even though slaughter has been running more above a year earlier than during the first quarter when it was up 24%.

Demand for meat is strong and about the usual seasonal price movements are in prospect for meat animals: A rise for fed cattle after the period of heavy marketings ends this summer; declines for grass cattle and lambs; a possible reduction for hogs followed by recovery later in the summer.



DAIRY The milk flow continues well above a year ago; the total for the first 4 months of 1953 is up nearly 7%. The percentage gain over a year earlier is expected to diminish, but the total for 1953 probably will top 1952's 115 billion pounds by about 3 billion. The increase in the number of milk cows that began last fall may be continuing this spring.

Large milk production and lower prices for manufactured products brought a greater than seasonal decline in prices received for fluid milk this spring.

POULTRY AND EGGS For as many years as we have records, poultrymen have raised more chickens for laying flock replacement if the egg-feed price ratio was up very much over the previous spring. So far, this spring has proved an exception. The ratio is much more favorable than last year, but on May 1, about the same number of chicks and young chickens were on farms as on the same date last spring.

An increase in replacement chickens is still likely. But with the major hatching season approaching an end, the increase is not likely to be large.

Eleven percent fewer turkey eggs were in incubators on May 1 in 14 major States than a year earlier.

Production of turkey poults to May 1 was down 19 percent according to a special BAE survey from a year ago. Heavy breeds were off 16 percent and light breeds 28 percent.

FATS AND OILS April 1 stocks of edible vegetable oils were 35 percent above a year ago and a record. Output in April-September is likely to exceed a year ago. This points to a record carryover next October 1. Most of it will be owned by CCC.

With exports high, disappearance of inedible tallow and grease have been running more than a fifth above a year ago. Supplies will continue far above domestic needs and not much change in prices is expected.

FEEDS Farmers fed about 9% less concentrates to livestock in the first half of the feeding year than in the same period of 1951-52. Fewer hogs and poultry were on farms. Another factor was the high quality of the 1952 corn crop which led to reduced feeding per animal unit. The 1951 crop had an unusually high proportion of low quality corn that had to be fed rapidly to avoid loss.

Stocks of feed grains next October 1 probably will be up about a third from a year earlier.

WHEAT Prices at principal markets continue from 10 to 15 cents below loan levels though above levels reached earlier this season. Prospects for the winter crop improved a little in the last month. The estimate for May 1 was 730 million bushels. Last year's crop was 1,053 million.

FRUIT Packers stocks of canned fruits are well below a year ago. Holdings of fruit in cold storage also are down. Marketing of 1952 crop deciduous fruits and Florida citrus is about over.

The peach crop in the 10 southern States is expected to be 14 percent above last year, 13 percent below average.

VEGETABLES A sharp increase in acreage and generally good yield prospects point to the second largest late spring potato crop on record. The gain over last year is 29%. Prices to farmers are likely to continue much lower than a year ago,

A larger sweetpotato crop will be produced this year than last if farmers carry out their acreage intentions and get average yields. However, such a crop would be less than two-thirds the 1941-50 average.

COTTON U. S. mills are consuming more cotton than a year ago but exports continue at only about half the 1951-52 level. On May 8, the CCC held over 2 million bales under loan, 13 percent of last year's crop. A year earlier, 370 thousand bales were under CCC loan.

High U. S. consumption of cotton and the relatively large quantity under CCC loan were mainly responsible for the increase in the 10-spot market price for Middling 15/16 inch cotton in early May.

WOOL U. S. mills used almost a fifth more apparel wool in early 1953 than a year earlier. Use of carpet wool was up 27 percent.

Wool prices abroad have recovered most of the decline of early April. Boston quotations for fine wools also have advanced.

TOBACCO Auctions for Maryland tobacco opened May 5 and through mid-May prices averaged 14% above those for the same period last year.

Acreage allotments for flue-cured and Burley are lower than for last year's crops. With stocks large, supplies probably will be up a little from 1952-53.